

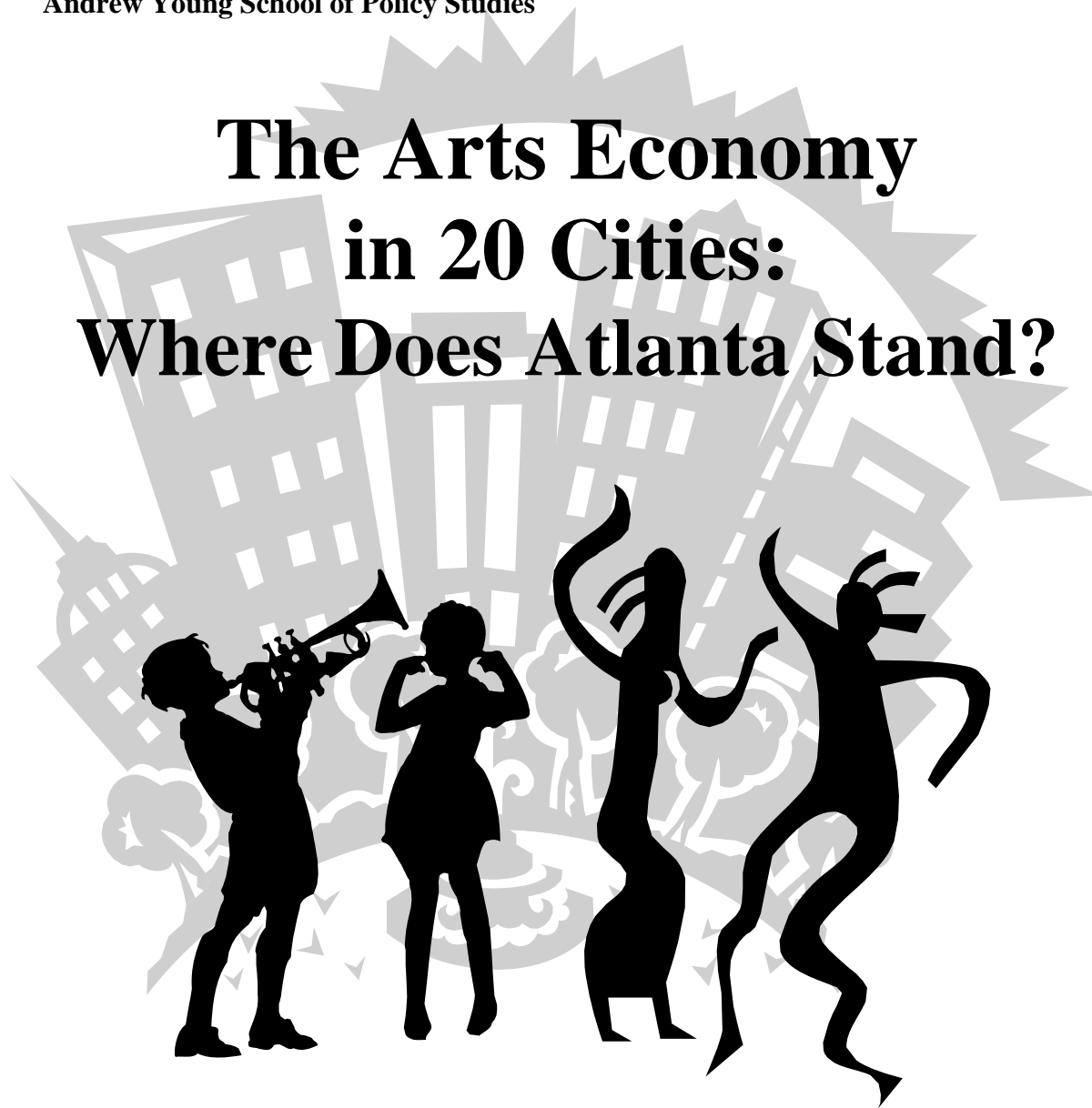


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**Research Atlanta, Inc.**

Georgia State University  
Andrew Young School of Policy Studies

# The Arts Economy in 20 Cities: Where Does Atlanta Stand?



## CONTENTS

Acknowledgments .....	ii
About the Authors .....	iv
Executive Summary .....	v
I. Introduction .....	1
Motivation and Background.....	1
Report Layout .....	2
Research Questions ..	2
Method. ....	3
II. Data Analysis.....	4
Demographics And Economics .....	4
The Nonprofit Arts Market.....	9
Government & Private Giving .....	15
Affiliations & Art Education.....	19
Arts Infrastructure....	22
III. Conclusions and Implications .....	24
Summary of Data Analysis .....	24
Atlanta Arts Myths Debunked .....	25
Policy Implications for Atlanta .....	26
Trends and Questions.....	29
Other Research.....	30
IV. Sources.....	32
Data Sources .....	32
V. Bibliography .....	34
VI. Data Not Presented in This Report.....	36
VII. Appendices .....	37
Appendix A – Data Summary .....	37
Economics and Demographics.....	37
Population of Arts Organizations .....	37
Support for the Arts.....	38
Affiliation .....	38
Arts Infrastructure .....	38
Appendix B – Regression on Data .....	39
Appendix C .....	40

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## ABOUT THE AUTHOR

**Roland J. Kushner** holds degrees in history and business administration, as well as the Ph.D. in economics and business. Currently, he is Director of Roland J. Kushner Management Advisory Services in Bethlehem, PA, providing strategic planning and research services to nonprofit organizations, businesses and governments. Previously, he has been assistant professor of economics and business at Lafayette College, managing director of the Bethlehem Musikfest Association, and director of development for the Bach Choir of Bethlehem. He has conducted research on nonprofit management, arts administration, and cultural policy.

**Arthur C. Brooks** is an Assistant Professor at Georgia State University in the Andrew Young School of Policy Studies, with a joint appointment in the Department of Public Administration and Urban Studies and the Department of Economics. He teaches nonprofit administration and economics for public policy, and conducts research on public arts policy, nonprofit organizations, and the economics of the entertainment industry. He holds a Ph.D. in public policy, as well as master's and bachelor's degrees in economics. Prior to joining the GSU faculty in 1998, he spent twelve years as a professional classical musician.

## EXECUTIVE SUMMARY

The tremendous growth that Atlanta has experienced over the past decade has catapulted the city into a major metropolitan hub. Along with this growth, many issues have gained significance with regards to plans for the city's future direction of growth. One sector in particular that demands greater attention is the area of non-profit arts and art policy.

The arts and culture have many perceived benefits for a community. The arts are commonly thought to improve a community's cultural life, revitalize urban areas, and while they also provide a base of support for artists and art organizations, may also ultimately stimulate economic growth. These benefits are thought to yield other desirable outcomes such as a safe and agreeable downtown, and an attractive site for business relocation.

Unfortunately, non-profit regional arts in Atlanta have faced challenges in the areas of funding and audience development and there is anecdotal evidence that arts support is being provided by a relatively small segment of society. The Atlanta Arts Think Tank perceived that one appropriate way to validate the importance of these problems was to analyze data on Atlanta's regional performance, relative to other metropolitan peers.

The purpose of this study is to gain a better understanding of the factors that might explain the condition of arts organizations in the region. The study compares Atlanta to nineteen of its peers in an attempt to determine where and if Atlanta is falling short, and what can be learned from other communities.

The following characteristics were evaluated:

- Economic and demographic characteristics
- Number and financial status of nonprofit arts organizations
- Level of federal support and overall private support
- The affiliation of the arts with national trends and higher education
- Physical arts infrastructure

Based on a review of the statistical analysis, the following attributes/trends are noted. Economic and demographic data show that Atlanta is large and growing fast (4<sup>th</sup> in population, 2<sup>nd</sup> in population growth), has the largest percentage of minority population, and is heavily suburbanized (2<sup>nd</sup>) in comparison to other cities on the panel.

In terms of the population of arts organizations, Atlanta has many organizations, but relatively few per capita. Arts non-profits in Atlanta are about average in size and profitability. However, per capita measures of revenues--including both earned and unearned revenues--are extremely low. In comparison to the rest of the panel, Atlanta's arts organizations are under-supported by its population.

In general, Atlanta's arts organizations do not fare particularly well in comparison with those of other cities in terms of maintaining diversified income sources. Atlanta is average with respect to obtaining federal support, and is 16<sup>th</sup> in obtaining contributed or unearned income- far below average.

Atlanta is in the top half of the panel in the degree of national affiliation of its organizations, but still lags well behind the national leaders in the panel. It lacks some disciplines in arts training and is relatively low in the level of accredited training per capita.

Regarding infrastructure, the arts museums and performing arts facilities that channel arts to audiences, Atlanta stands low in the scales.

Overall, the data present a picture of a metropolitan Atlanta arts market that is not especially vigorous when compared with similar activities and assets in other cities. Furthermore, analysis reveals that Atlanta lags behind several other Southern cities.

Because a single strategy for improvement is not sufficient to address properly the challenges described in this report, many different actions may be appropriate responses by the arts and public policy communities. Strategies in this report include the following:

- 1.) Conduct additional comparative studies, by learning the best practices from cities that are leaders, including Boston, Minneapolis-St. Paul, Dallas, and Seattle.
- 2.) Develop leadership capabilities and arts organizational skills throughout the metropolitan area.
- 3.) Rather than a centralized or infrastructure-heavy approach, pursue a strategy to aid in incremental improvements that may yield large advances over time.

There is no easy solution to these issues concerning Atlanta's non-profit arts and art policies. No single strategy for improvement would address the challenges represented by this summary. The

recommendations in this report suggest possible modes of action that may be appropriate responses by the arts and public policy communities of Atlanta.



# I. Introduction

## 1. Motivation and Background

This report briefly responds to the question: “How does Atlanta compare to other metropolitan regions in its provision of nonprofit arts?” The study was motivated in 1998 and 1999 by a desire on the part of Atlanta’s arts advocates to get a better understanding of factors that might explain the condition of arts organizations in the region. A high-quality arts environment is generally regarded as an essential component of a high-quality city, both in the U.S. and globally. Atlanta policy-makers have worked to make Atlanta a world-class city. Yet, regional arts have faced challenges in the areas of funding and audience development and there is anecdotal evidence that arts support is being provided by a relatively small segment of society. The Atlanta Arts Think Tank perceived that one appropriate way to underscore the importance of these problems was to analyze Atlanta’s regional performance relative to other metropolitan areas by conducting statistical analysis of secondary data.

Why are the arts and arts policies important enough to warrant such a study?

- In Atlanta, the arts have been estimated to generate over \$700 million annually in economic impact.<sup>1</sup>
- The arts visibly revitalize urban areas and community neighborhoods, and help to attract tourism and convention visitation.<sup>2 3</sup>
- The arts are the 7<sup>th</sup> largest non-governmental employer in metro Atlanta. <sup>4</sup>
- Arts activities tend to attract highly educated individuals.<sup>5</sup>

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<sup>1</sup> Metro Atlanta Chamber of Commerce "Nonprofits Arts and Cultural Organizations in Metro Atlanta 1997 Economic Impact Study", March 1998, Arts & Business Council of Atlanta.

<sup>2</sup> "Profile of Travelers who Participate in Historic and Cultural Activities", 1997. Travel Industry Association

<sup>3</sup> "Building America's Communities: A compendium of Arts and Community Development Programs" 1996. National Assembly of Local Arts Agencies,

<sup>4</sup> Metro Atlanta Chamber of Commerce, "Nonprofits Arts and Cultural Organizations in Metro Atlanta Economic Impact Study", March 1998, Arts & Business Council of Atlanta

<sup>5</sup> American Demographics magazine article from July 2000 issue.

Additionally, recent evidence reveals that the arts have important social benefits, as a catalyst for assembly in community life, a bridge-builder between diverse cultures and communities, a positive contributor to educational attainment, and in general, and an important social “good.”<sup>678</sup>

## 2. Report Layout

The next section of the report describes the research questions that drove the inquiry. The method and the panel of cities selected for comparison are also presented. The largest part of the report presents the data that compare the cities. The report concludes with a summary of the data and possible implications for development of cultural activity in Atlanta.

## 3. Research Questions

Data gathering and research design were parallel processes. The research process was not designed to test a specific hypothesis, but rather to see what could be illustrated with available data. As data were acquired, coded, and analyzed, the following areas of interest were judged to be both relevant to the overall inquiry and amenable to being examined. For each area in the panel, data concerning the following were obtained:

- Economic and demographic characteristics as background
- Number and financial status of nonprofit arts organizations
- Level of federal support and overall private support
- The affiliation of the arts with national membership affinity organizations trends and higher education
- Physical arts infrastructure

After analyzing some of these data, conclusions are presented regarding how Atlanta compares to the South and other regions

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<sup>6</sup> Dr. Shirley Brice Heath, Stanford University. "Living the Arts Through Language + Learning: A Report on Community-Based Youth Organizations, November 1998. Monographs series by Americans for the Arts.

<sup>7</sup> Youth Arts Project Executive Summary, 1999. Caliber Associates for United States Department of Justice.

<sup>8</sup> Dr. James Catterall, UCLA, "Involvement in the Arts and Success in Secondary School", October 1997. Monographs series by Americans for the Arts.

#### 4. Method

The method included the following elements:

- A comparison panel of nineteen of Atlanta's neighbors and perceived competitors and peers was identified. Criteria considered for other cities include proximity, size, presence of pro sports, ethnic and racial diversity, and Southern/Sunbelt location, use in prior comparison panels, and sponsor interest. The total panel of 20 includes:

Atlanta  
Baltimore  
Boston  
Charlotte  
Chicago  
Dallas  
Denver  
Houston  
Jacksonville  
Miami  
Minneapolis-St. Paul  
Nashville  
Phoenix  
Pittsburgh  
Portland, OR  
Saint Louis  
San Antonio  
San Diego  
San Jose  
Seattle

- Data sources and limitations

A "Metropolitan Statistical Area" ("MSA") level of analysis was followed, using data from numerous secondary sources including government, proprietary sources, published directories and associations' private directories. MSAs were separated from larger aggregates such as PMSAs.

Here are some characteristics of the data and some limitations on what they reveal:

- These data are snapshots, not time series. The time frame covered by the data is 1996 to 2000, depending on the source.
- Because the intent was to conduct a statistical analysis, only quantitative measures of arts activity were examined.
- While more data sources were examined, this report includes those that provide valid, reliable, and understandable measures.
- MSAs are re-defined at each census (Edmondson 1998); undoubtedly the boundaries of those reported here will change after the 2000 Census.
- The sources of support that nonprofit arts organizations receive could not be disaggregated using IRS data. Differences between public, private, individual, corporate, and philanthropic giving are not presented here.
- Similarly, it was not possible to identify a means of measuring total giving to the arts from the givers' side.
- The data is presented using numerous *per capita* measures to show the scale of effects of different arts outcomes.
- These data should be treated as descriptive and associative, not predictive.
- There are no case studies in this report because the research design is statistical in nature.

## II. DATA ANALYSIS

The following pages present 21 figures with bar charts. The charts provide easily interpreted comparisons of Atlanta to other cities in the panel. Appendix "A" summarizes the top and bottom of each ranking and Atlanta's position in the ranking.

### 1. Demographics And Economics

Basic demographic and economic data on the 20 metropolitan areas is presented. In general, arts attendance and support for the arts have been shown in literature to correlate positively to income and wealth. Growth and data help to place Atlanta within the panel with respect to population dynamics. Data on the dispersion of the population within the MSA can also help to indicate where demand for arts may be geographically located.

Figure 1 shows data on population sizes and growth. Atlanta is 4<sup>th</sup> in population, but 1<sup>st</sup> in population growth.

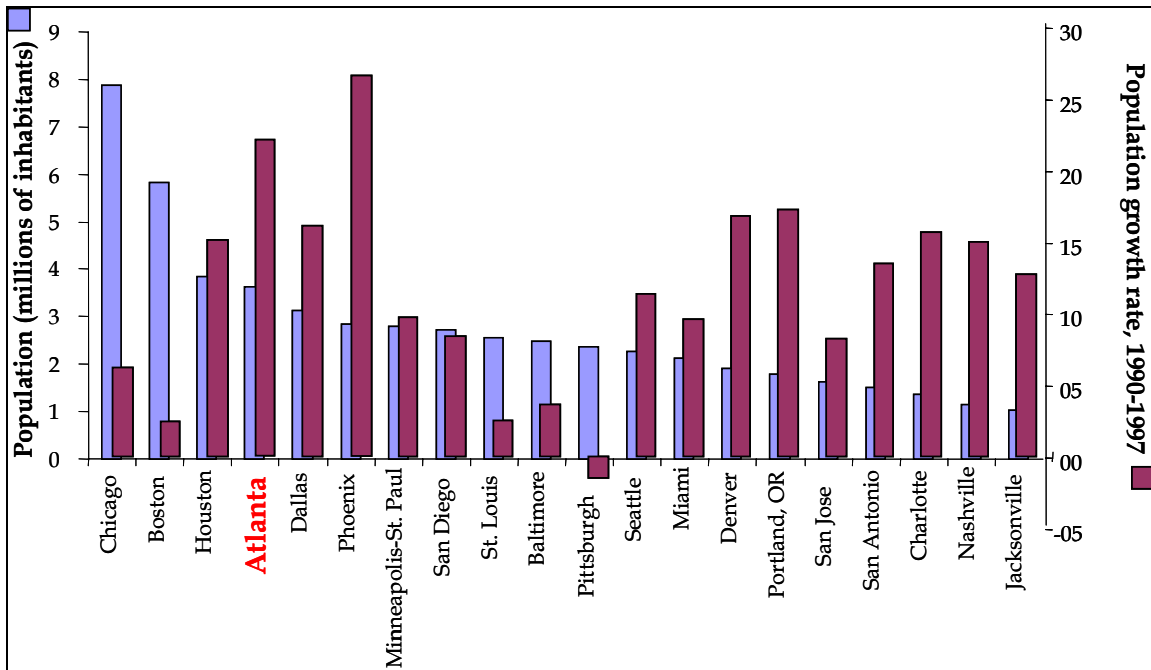


Figure 1. Population

Sources: Statistical Abstract of the United States

Figure 2 shows that Atlanta is 1<sup>st</sup> in minority population, although this still doesn't reach 30 percent of total MSA population.

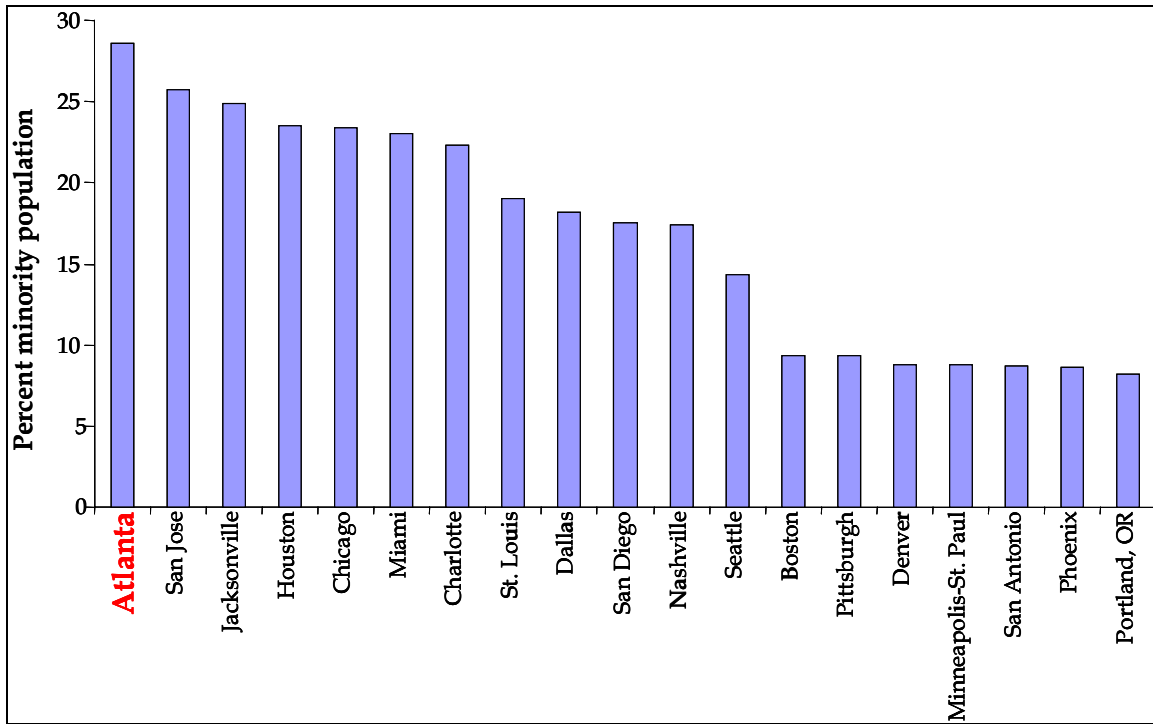


Figure 2. Minority share of population  
Source: Statistical Abstract of the United States,  
<http://fisher.lib.Virginia.EDU>

Figure 3 depicts the degree of suburbanization. This coefficient measures the percentage of an MSA's population living outside the limits of the central city. Atlanta's suburbanization is very high, with scarcely more than 10 percent of "Atlantans" living within the city proper.

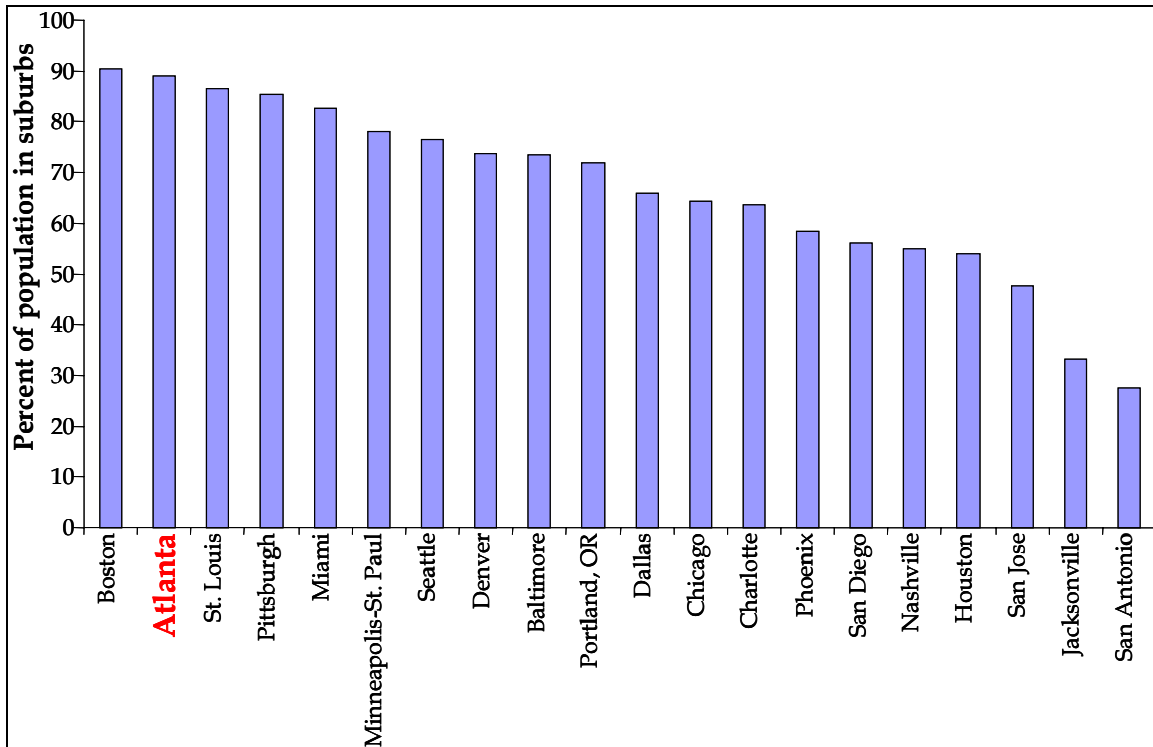


Figure 3. Suburbanization

Source: <http://fisher.lib.Virginia.EDU>

Figure 4 shows that Atlanta is ninth in per capita personal income. Especially in the middle of the panel, there is relatively little variance between cities in this measure.

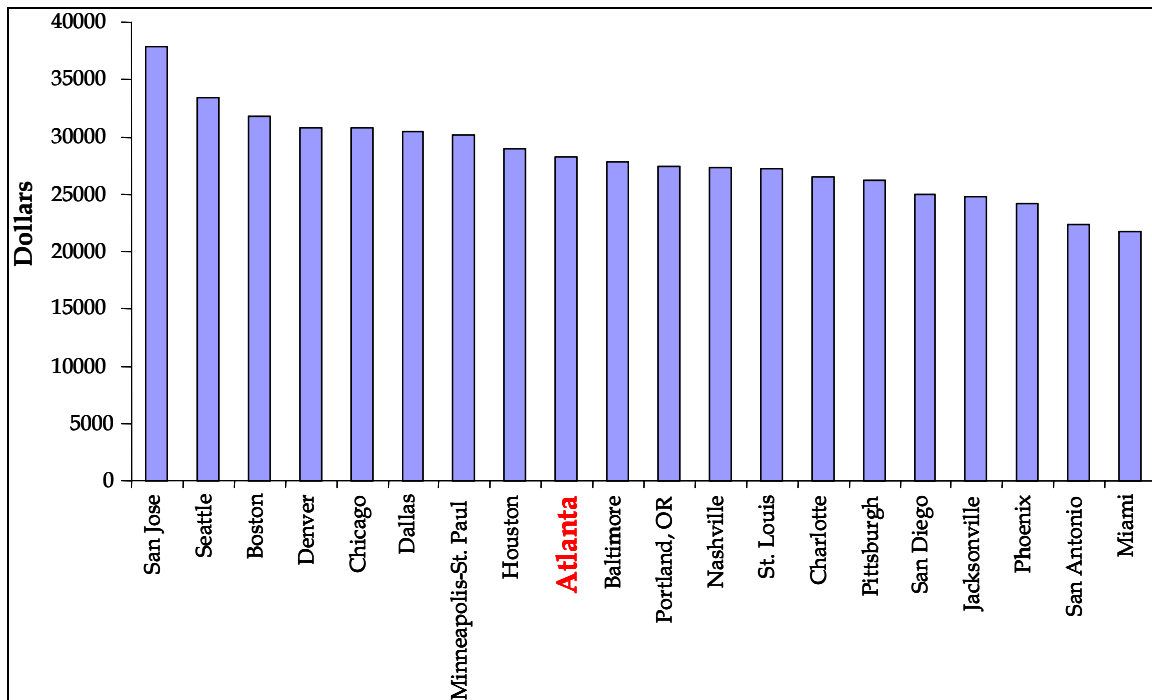


Figure 4. Per capita personal income  
Source: Bureau of Economic Analysis

### Summary of demographic and economic data

Atlanta is large and growing fast. At first, this might seem like a good thing, as it creates a larger audience pool for which area nonprofit arts organizations can compete--their audiences should naturally grow as well. The question is: Do additions to the area's population embody the educational and income profiles of arts consumers? If population growth is largely due to young professionals and immigrants, this might not bode especially well for the nonprofit arts in the near term. In general, demand for nonprofit arts in major traditional institutions increases with age. Community-based arts organizations, not covered in this study, are comprised largely of younger, immigrant and/or suburban audiences. Therefore, if the population in Atlanta is particularly young, this might be encouraging in the long run for major traditional arts institutions as potential audiences mature.

The impact on the arts of Atlanta's high minority population and suburbanization is presented here for descriptive purpose, and the roles of these characteristics in predicting arts activity will be examined in a later section. The role of personal income should be small in positioning Atlanta



with respect to the other cities, since Atlanta doesn't stand out in this category.

## 2.The Nonprofit Arts Market

The next area of study is arts activity in the 20 metropolitan areas. The data in this section were all taken from Internal Revenue Service 990 forms for nonprofit arts firms with gross receipts over \$25,000 in 1997, and compiled by the National Center for Charitable Statistics (NCCS). These data indicate the size of the population of nonprofit arts organizations and their financial condition.

Figure 5 shows that in 1997, Atlanta was 8<sup>th</sup> in number of arts nonprofit organizations. However, this is only 28 percent as many as Boston, the leader.

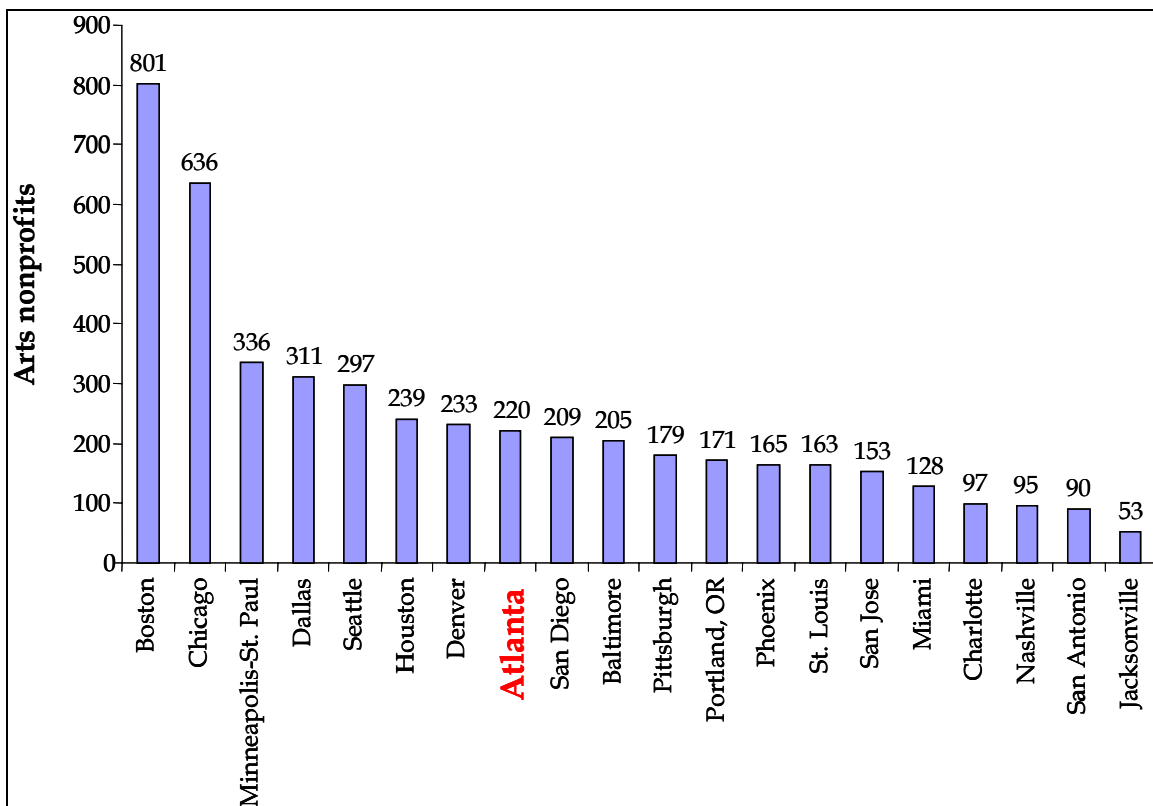


Figure 5. Number of arts nonprofits

Source: NCCS data

To compare cities in a somewhat more balanced way, *per capita* data are presented to correct for population differences between the MSAs. This

measure looks at arts nonprofit organizations per million inhabitants. In doing so, it can be seen in Figure 6 that Atlanta falls precipitously in the rankings to 16<sup>th</sup>.

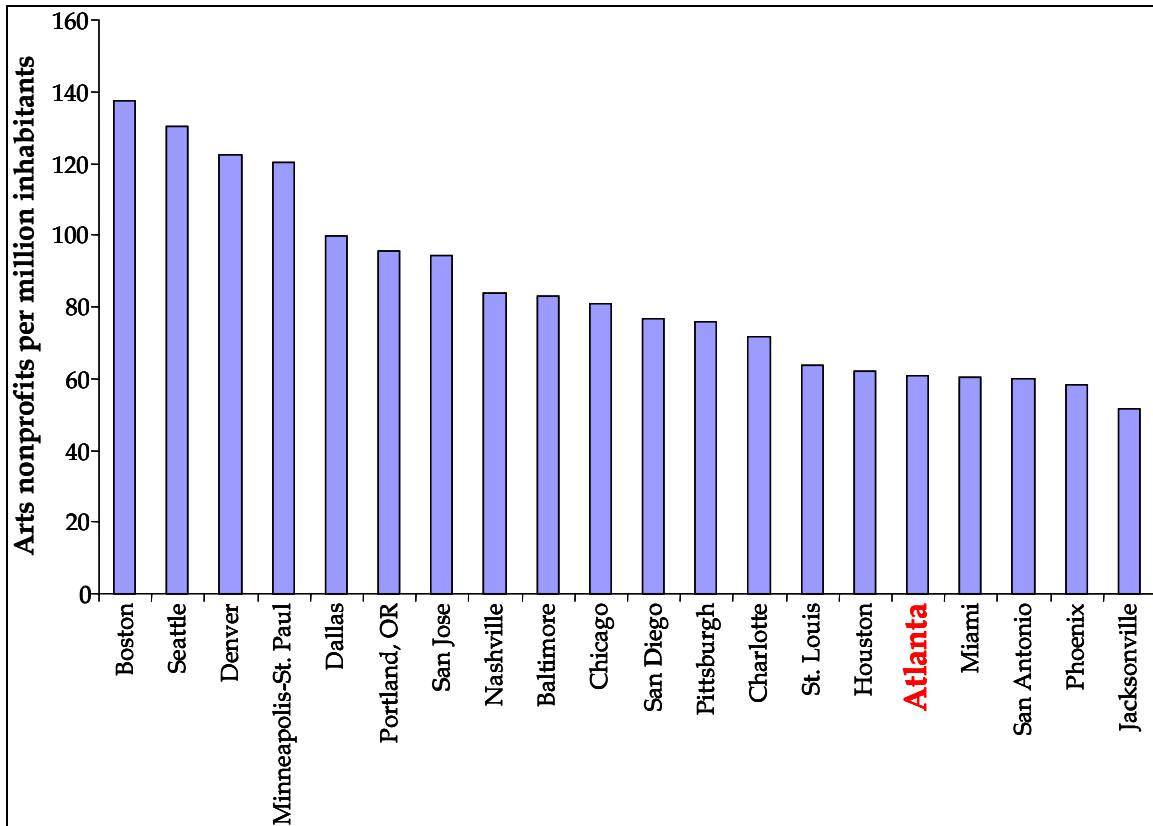


Figure 6. Number of arts nonprofits per capita  
Sources: NCCS data, 1997 population estimates

The truest measure of arts nonprofit activity in an MSA isn't the number of organizations, however. Rather, it is the level of arts-related economic activity per capita. To capture this, Figure 7 shows the sum of the revenues of all the arts nonprofits in each area, divided by population. This measure places Atlanta 15<sup>th</sup>.

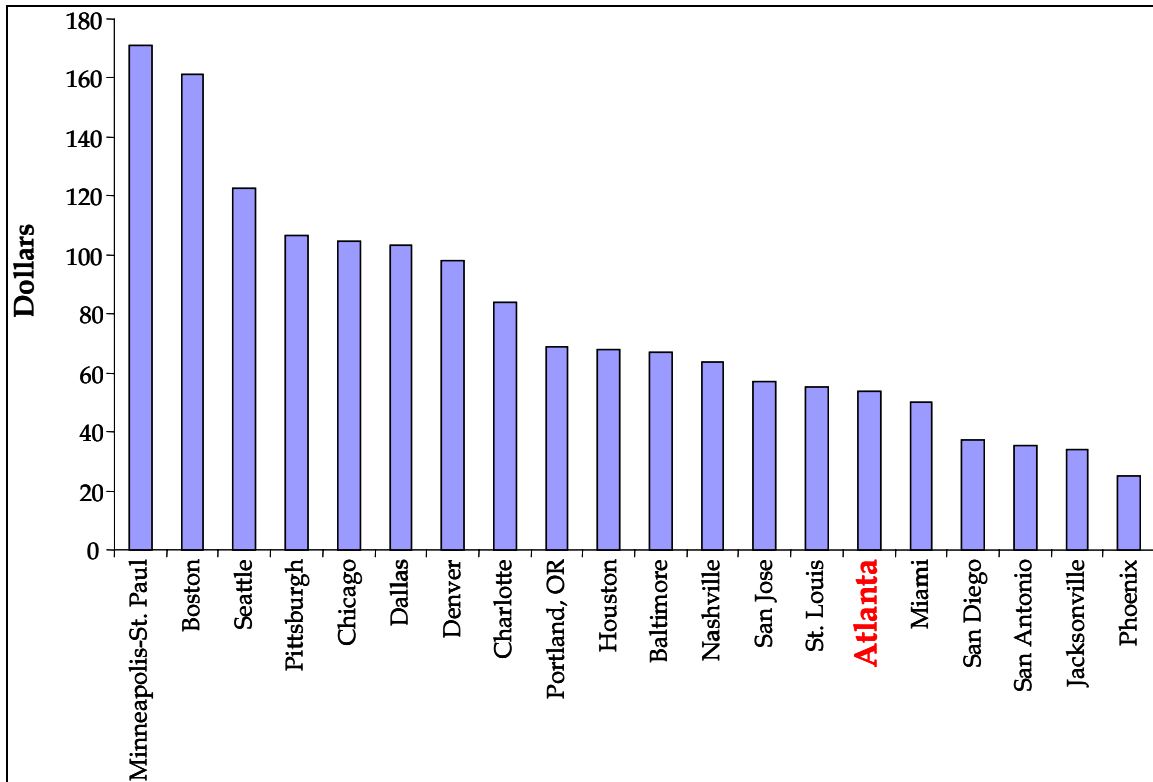


Figure 7. Total revenues of arts nonprofits per capita

Sources: NCCS data, 1997 population estimates

The revenues of arts nonprofits can be separated into two parts: “contributed” or “unearned” revenues from public- and private sector donations, and “earned” revenues from income from arts programming, related services and products. As is shown later in the report, it is difficult using the IRS data to accurately disaggregate all of the sources of unearned revenues. Figures 8 and 9 depict these two general types. Atlanta ranks 16<sup>th</sup> and 13<sup>th</sup> on these measures, respectively.

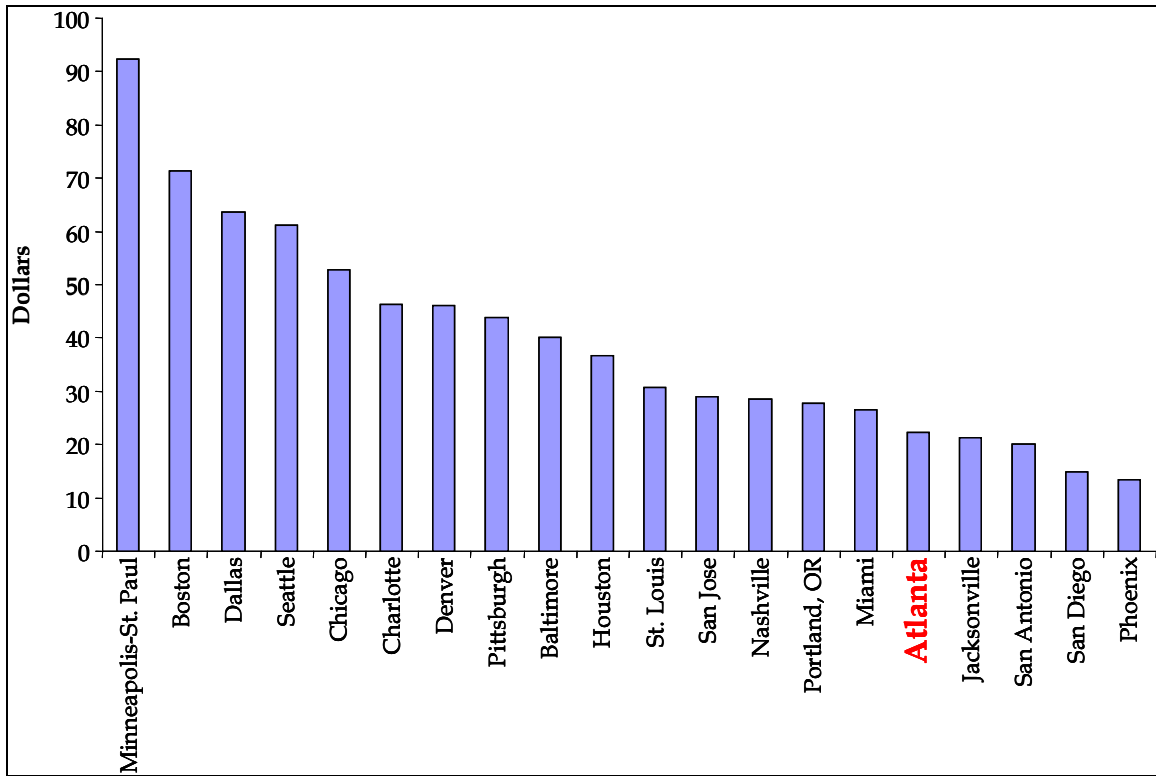


Figure 8. Contributed (unearned) revenues of arts nonprofits per capita  
Sources: NCCS data, 1997 population estimates

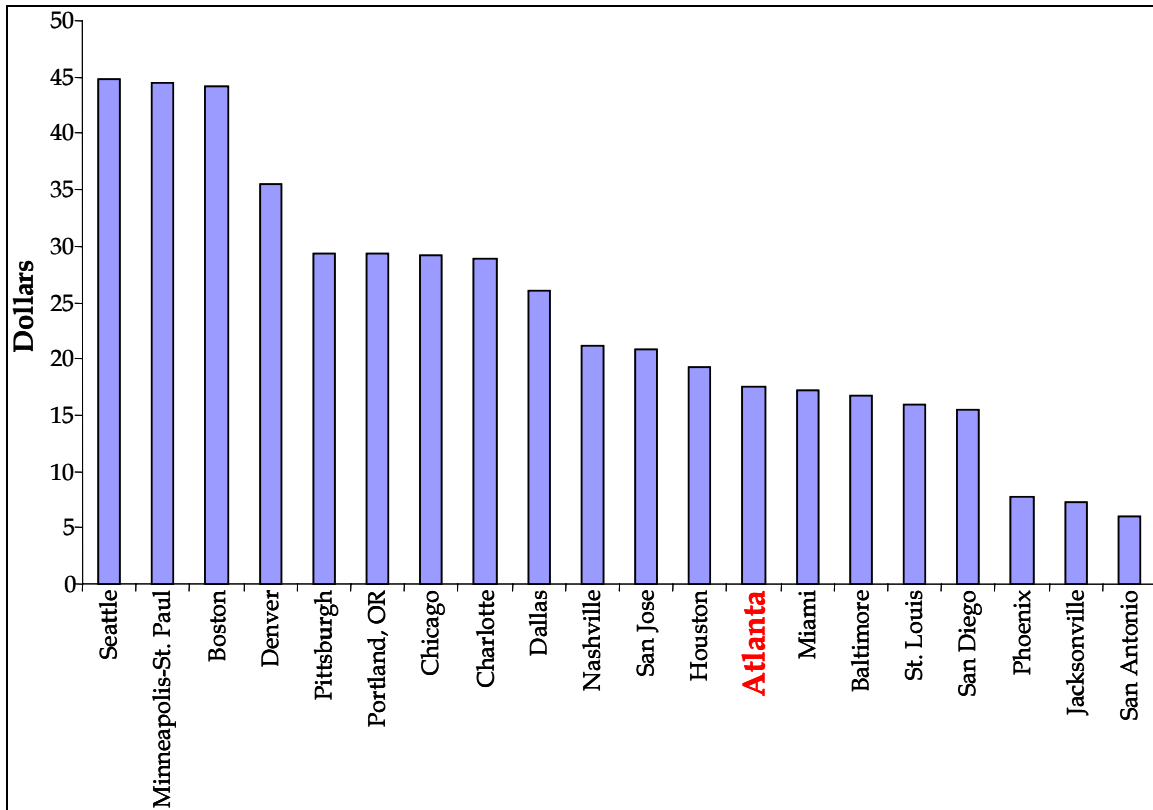


Figure 9. Earned revenues of arts nonprofits per capita  
Sources: NCCS data, 1997 population estimates

Per capita measures are designed to capture principally the size of the effects on consumers of nonprofit arts activity. It is also helpful to look at organization-level data. To examine the size of the organizations themselves, the average revenues per organization are shown in Figure 10. On this measure, Atlanta is in the middle of the pack at 9<sup>th</sup>.

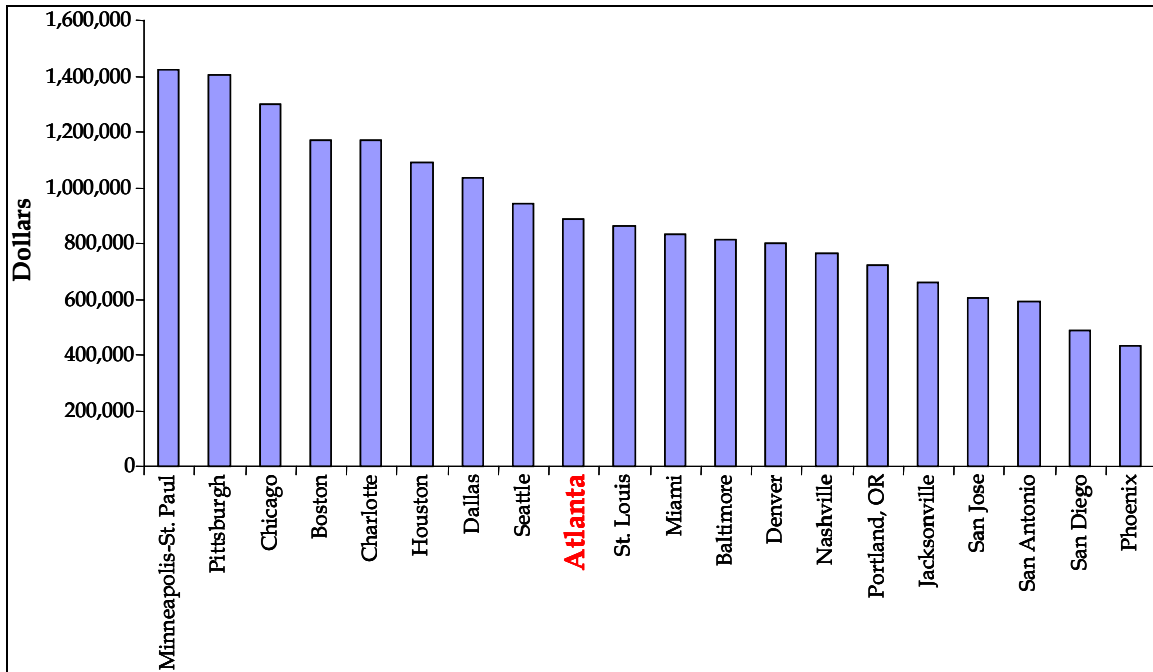


Figure 10. Average total revenues per arts nonprofit organization  
Sources: NCCS data, 1997 population estimates

To illustrate some measures of the health of arts nonprofits in each area, Figure 11 presents average financial position in terms of “profitability,” measured by accounting surpluses: total revenues minus total costs per organization. On this measure, Atlanta is at the median at 10<sup>th</sup>.

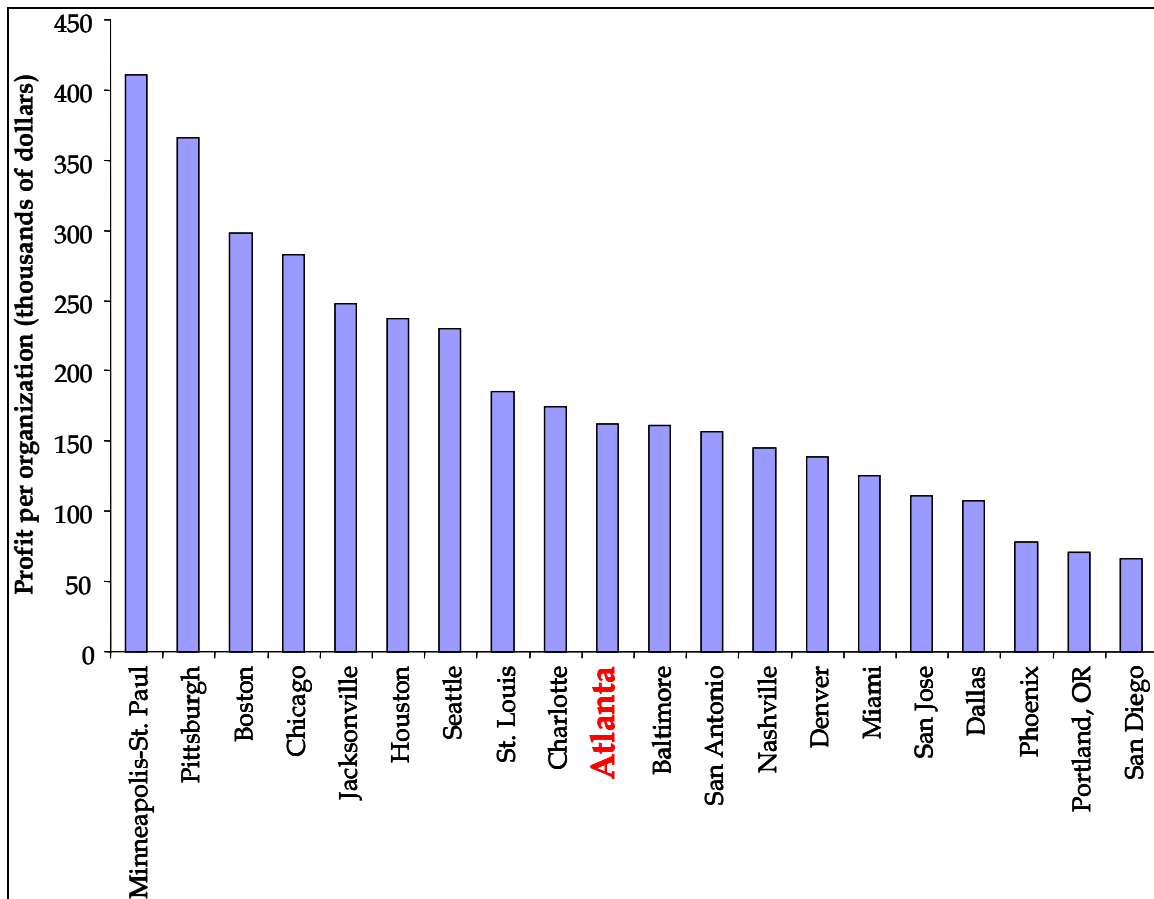


Figure 11. Average profitability per arts nonprofit organization  
Sources: NCCS data

In summary, the state of nonprofit arts activity in Atlanta is mixed, compared with the rest of the panel. Atlanta has many organizations, but relatively few per capita. In general, the picture is better for Atlanta arts organizations than it is for Atlanta's arts consumers. Arts nonprofits in Atlanta are about average in size and profitability. However, all per capita measures of revenues — including both earned and contributed unearned revenues-- are extremely low. Audience participation (earned revenue) correlates with arts institutions' ability to generate contributed income. Earned income is a financial reflection of audience participation. In comparison to the rest of the panel, Atlanta's arts organizations are under-supported by the population.

### 3. Government & Private Giving

This section shows differences between the metropolitan areas with respect to some types of contributed unearned revenue that they receive.

Because arts activities often require subsidies, these comparisons help to illustrate how effective Atlanta and its organizations are relative to those in other areas at obtaining different kinds of support. A wide range of possible subsidies are available, including individual, foundation, and corporation grants, as well support from federal, state, and local levels of government. It was possible to obtain standardized data on federal support.

Federal support of the arts is small in the aggregate, but there are differences between the MSAs in their requests for, and tendency to receive, support from the National Endowment for the Arts. Figure 12 shows the extent to which Atlanta-area arts organizations request federal arts support. Approximately seven NEA requests were filed per million inhabitants, in the middle of the pack but well below the leaders.

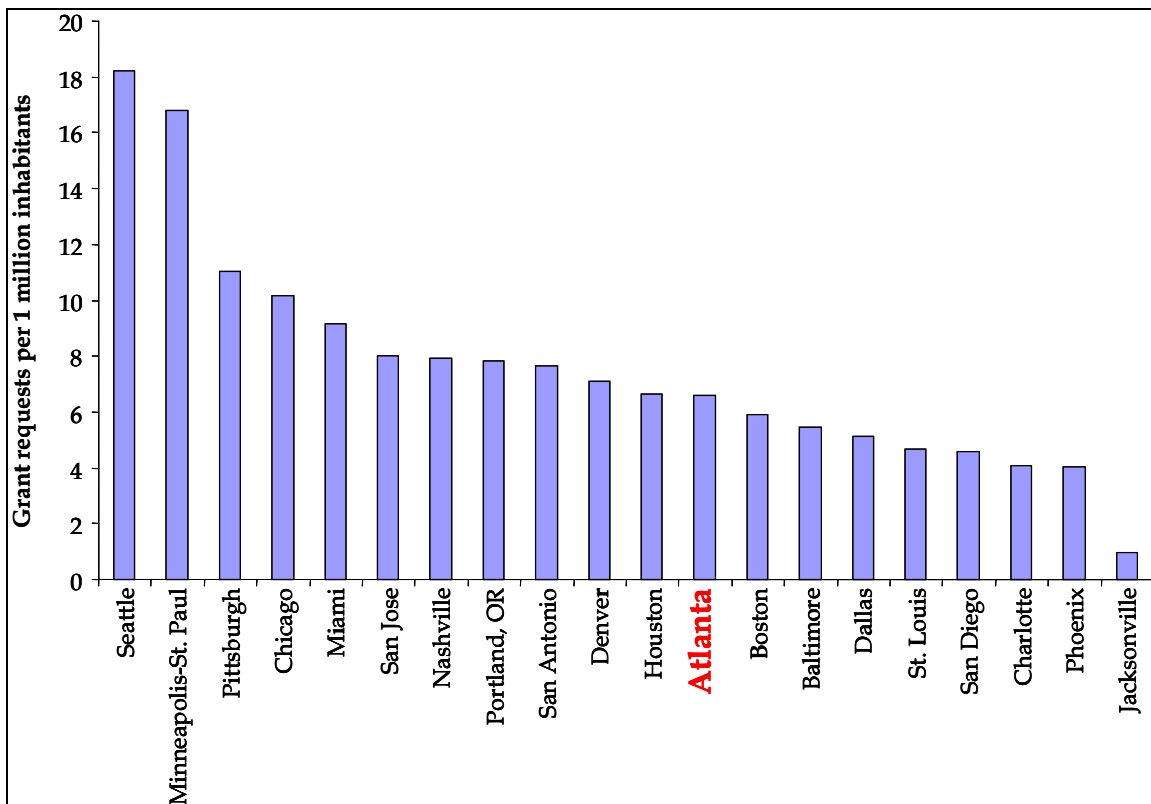


Figure 12. NEA grant requests per capita  
Sources: NCCS data, 1997 population estimates



Figure 13 shows the effectiveness of federal arts support requests by Atlanta area arts organizations by looking at the percentage of grant amount requests that were funded in 1998 and 1999. Atlanta is in the middle of the panel in this comparison.

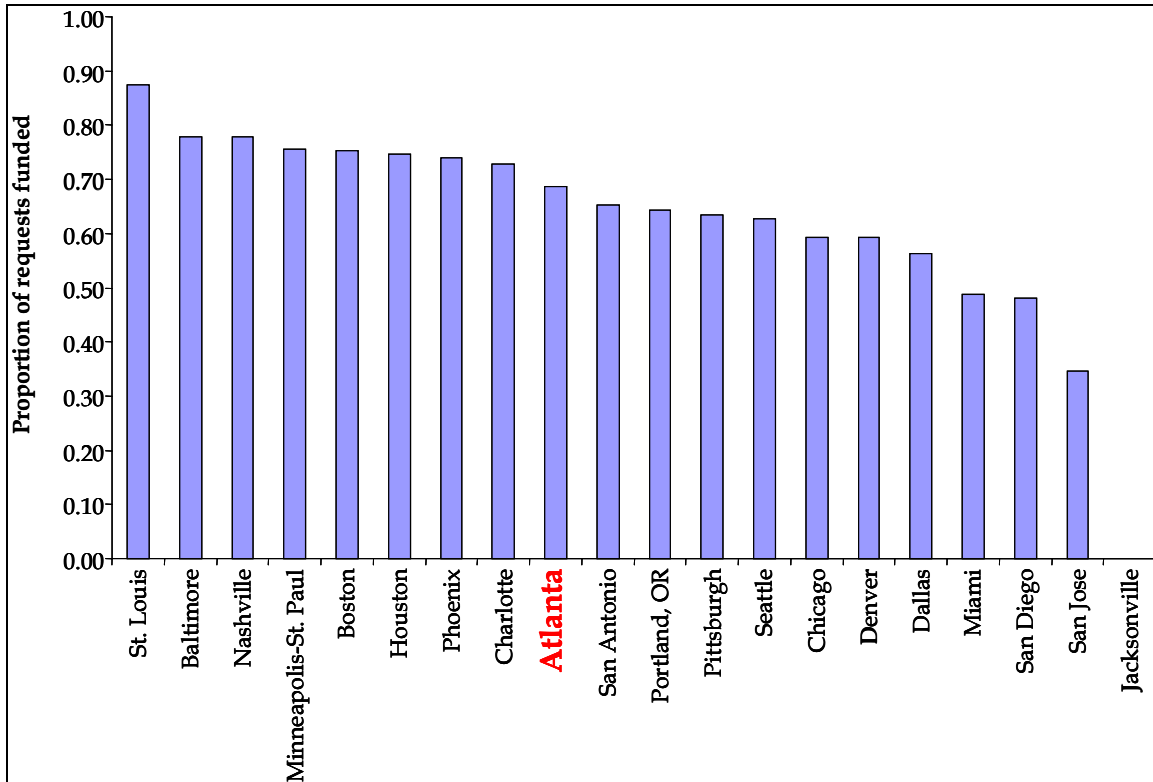


Figure 13. NEA grant request success rate

Source: NEA

However, as Figure 14 shows, there is a comparatively high level of per capita federal support for Atlanta-area arts organizations.

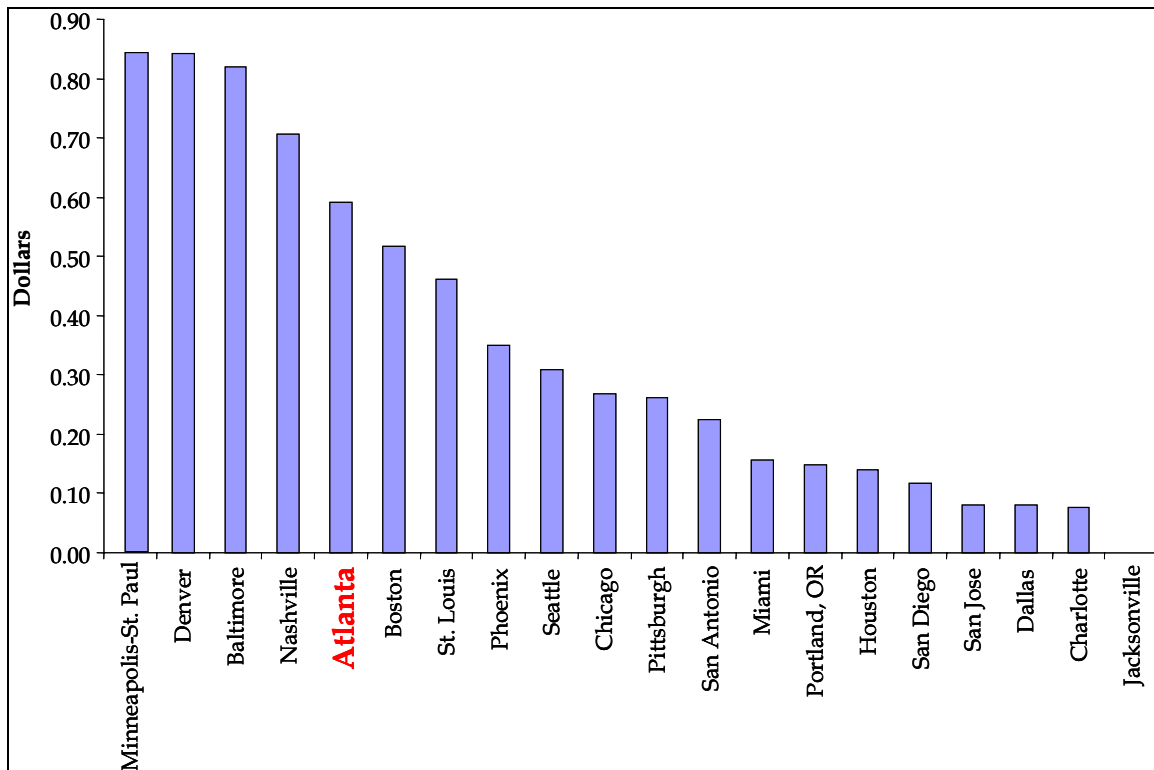


Figure 14. NEA grant money per capita  
 Sources: NCCS data, 1997 population estimates

Federal support is only a small part of total contributed unearned support. Both at the organization level and the per capita level, Atlanta's arts agencies perform below the level of their counterparts in other regions in contributed unearned revenues. Figure 15 shows Atlanta at 17<sup>th</sup> in its level of unearned revenue as a percentage of total revenue. This suggests a relatively low level of philanthropic support, given that with low earned revenues, Atlanta's arts organizations are not substituting program (earned) revenues for unearned ones.

We should note here that low philanthropic support for the arts in Atlanta is not necessarily indicative of low overall philanthropy, but rather (possibly) of an allocation of total philanthropy that does not favor the arts. Future Research Atlanta work on patterns of charitable giving will explain this phenomenon in greater detail.

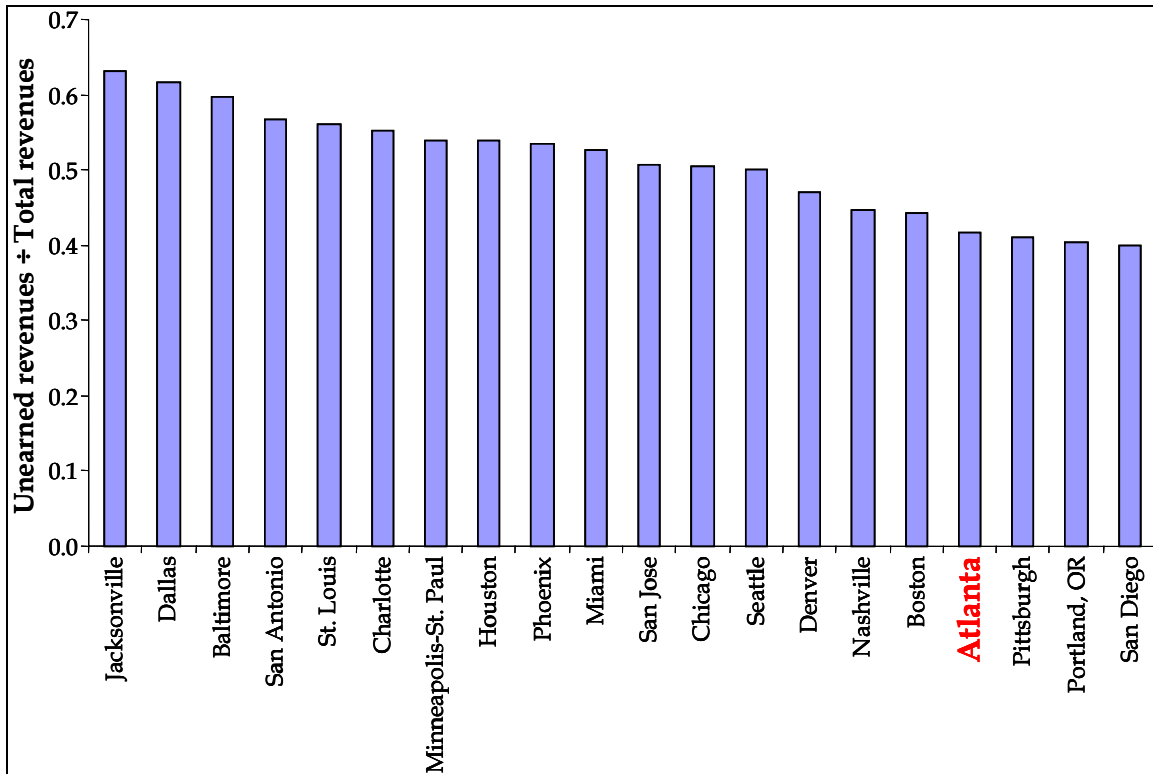


Figure 15. Subsidies as a Percentage of Total Revenue

Source: NCCS data

## Summary

In general, Atlanta's arts organizations do not fare particularly well in comparison with those of other cities in terms of maintaining diversified income sources. They are middling performers with respect to obtaining federal support, and are below national norms in obtaining unearned income.

## 4. Affiliations & Arts Education

Previous sections have focused on economic flows. Another area of interest relates to some characteristics of what the arts organizations do programmatically and in their connection to the field nationally. These are compared in two ways.

Figure 16 shows the total memberships of Atlanta-area organizations in leading national groups serving arts organizations in the disciplines of opera, choral music, visual arts, theatre, symphony, and concert presentation. This comparison helps to illustrate how Atlanta arts are

connected to national arts trends. Atlanta is 6<sup>th</sup> in this measure of combined affiliation, with 9-plus organizations per million inhabitants providing this connection to the national arts field.

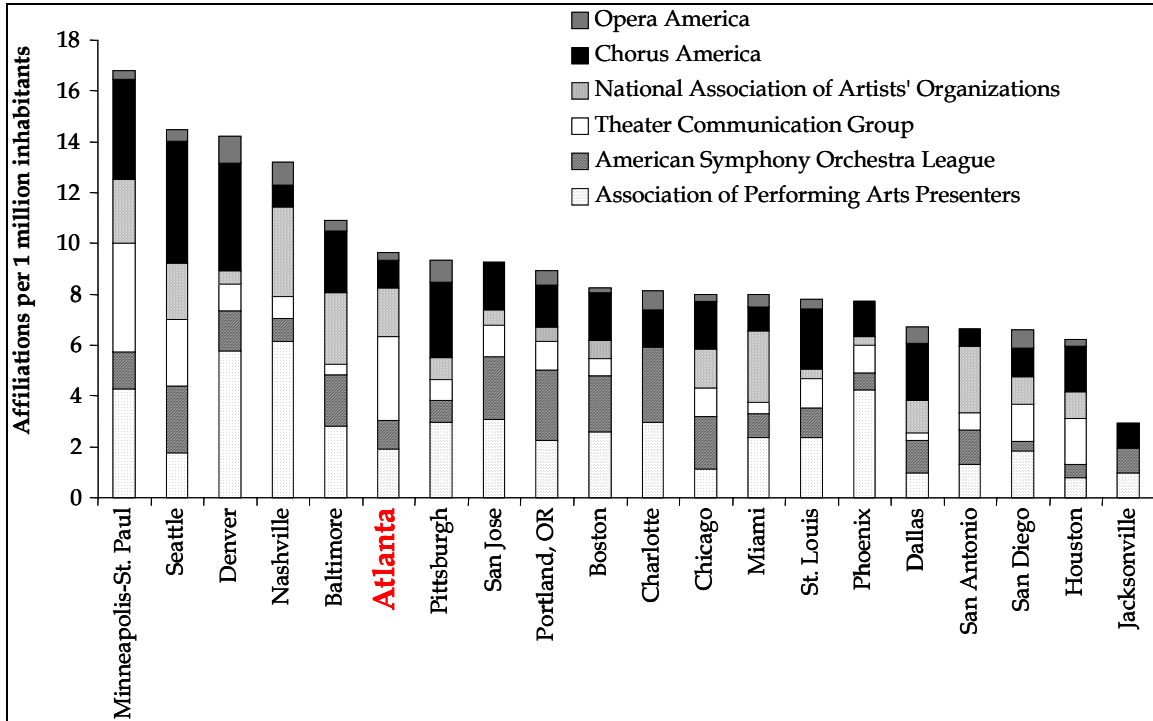


Figure 16. National affiliations per capita

Source: Staff, web sites, and directories of organizations listed, 1997 population estimates

A different kind of comparison is shown in Figure 17, which shows differences between panel cities in accredited arts training in higher education. Arts education is a measure of the availability of artists, audiences, venues, and activity. Training in the disciplines of dance, music, theatre, and art design brings together teachers and students who participate in local arts communities as well as campus arts communities. In terms of total number of schools, Atlanta is 6<sup>th</sup> with 8 schools, but lacks schools in the areas of dance or theatre.

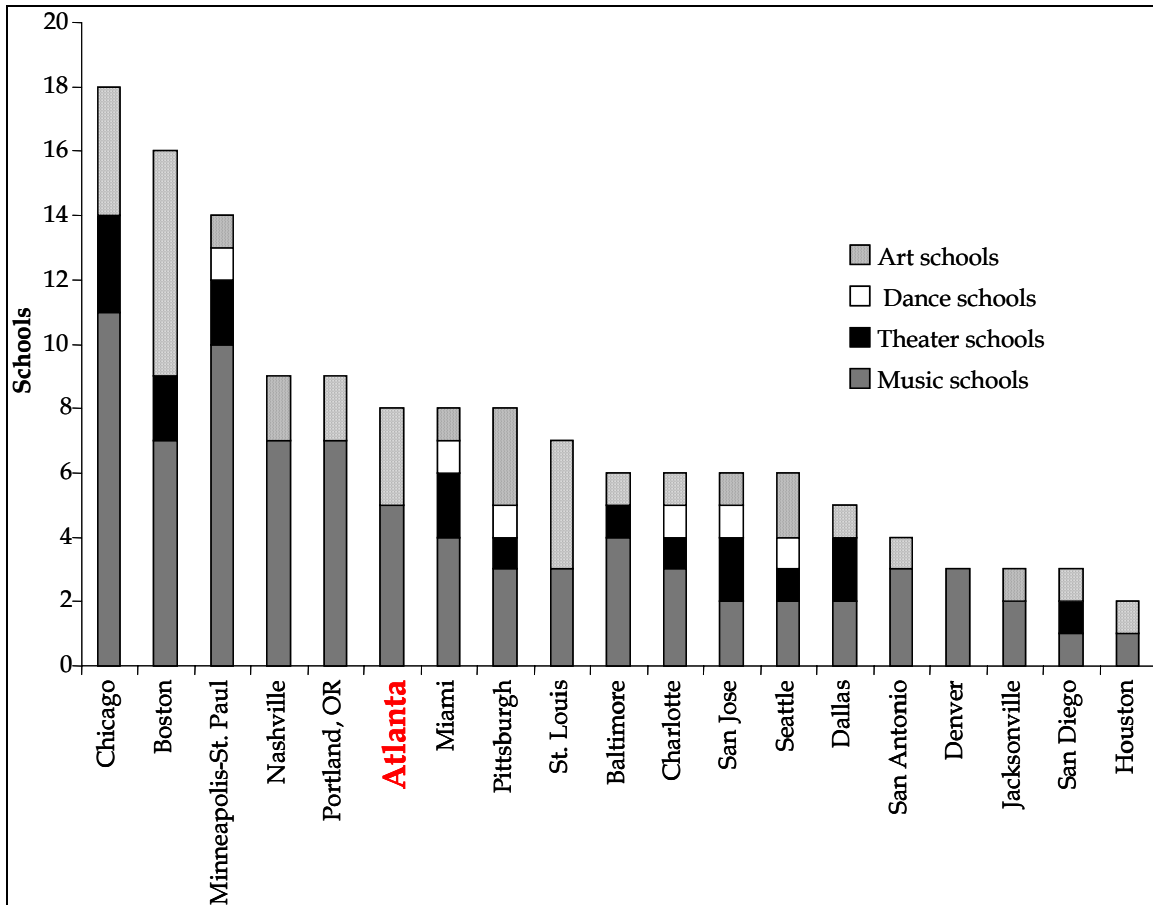


Figure 17. Accredited institutions of higher education  
Source: web sites of National Association of Schools of [arts disciplines]

In terms of the number of residents served by such campus communities, Figure 18 shows that Atlanta is relatively low at 15<sup>th</sup> with 2.1 accredited schools per million inhabitants. This indicates that Atlanta's artists are more likely to seek professional training outside of the area, that art students are comparatively less likely to pursue Atlanta as a location for training, and that its residents have comparatively low levels of access to the professionalism of arts education.

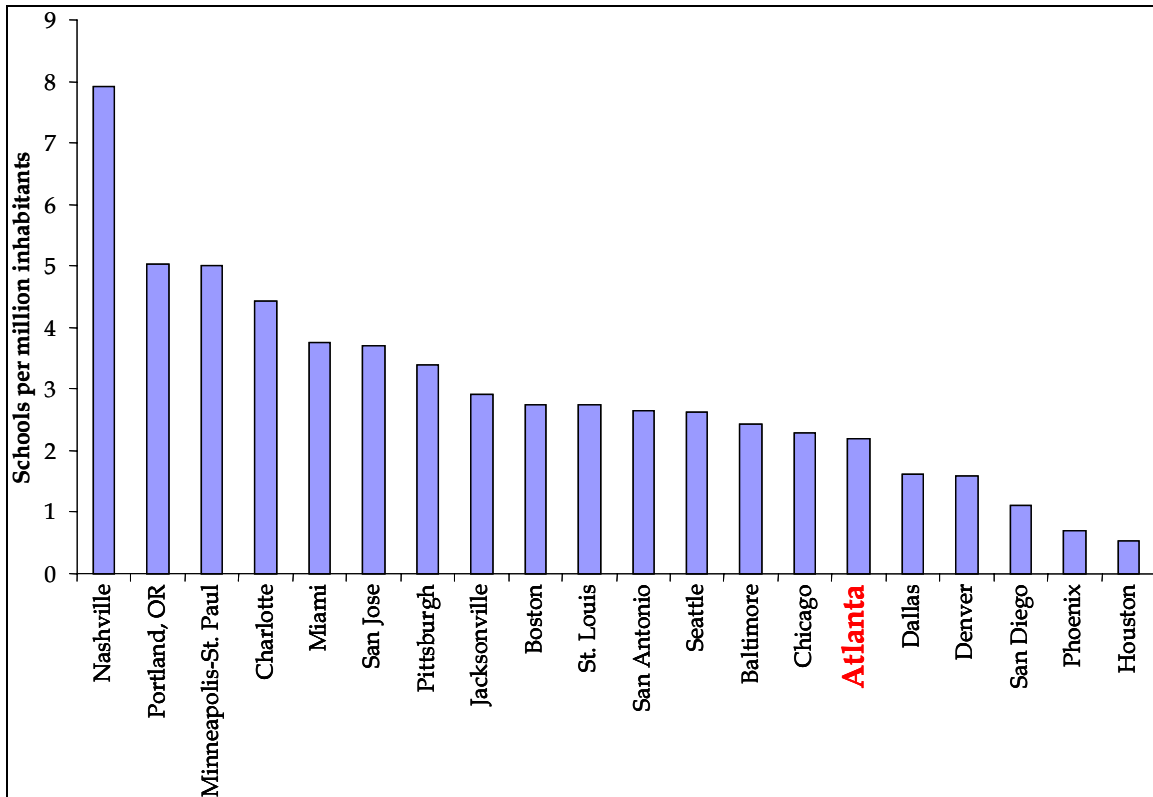


Figure 18. Accredited Schools Per Capita

Source: web sites of National Association of Schools of [arts disciplines], 1997 population estimates

## Summary

Atlanta is in the top half of the panel in the degree of national affiliation of its organizations, but still lags well behind the national leaders in the panel. It lacks some disciplines in arts training and is relatively low in the level of accredited training per capita.

## 5. Arts Infrastructure

This section addresses infrastructure measures for the visual and performing arts. Museum and performing arts seating capacity are used to make comparisons.

Figure 19 shows that Atlanta is at the bottom of the panel in terms of the number of art museums present per capita, with about a quarter as many as the leader. The count of museums was taken from *Places Rated Almanac*, which drew on the directory of the American Association of Museums.<sup>9</sup>

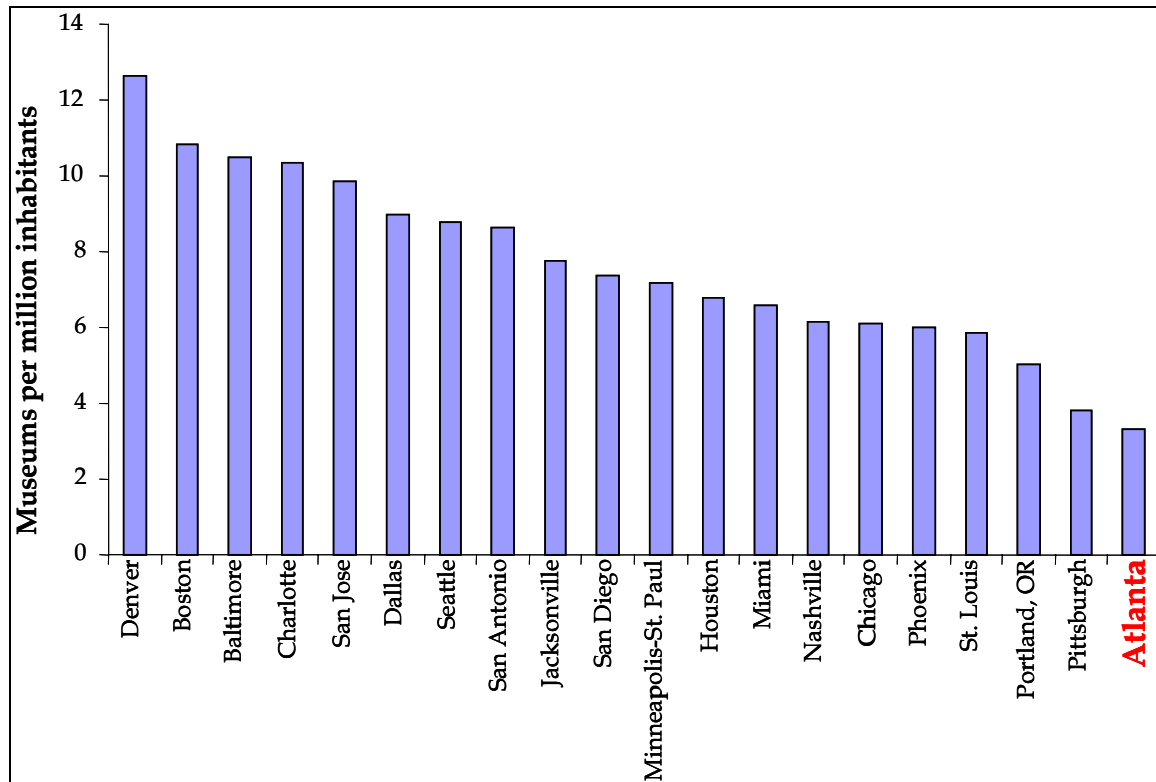


Figure 19. Art museums per capita

Source: "Places Rated Almanac," 1997 population estimates

Figure 20 shows a slightly better position in the area of performing arts seats per capita, but Atlanta is still far behind the national leaders. This figure draws on *Musical America's* performing arts directory. For the cities in the panel, the ones listed are multi-purpose large-scale venues; these facilities are most visible and available to touring performers. The

<sup>9</sup> As discussed in a later section, this is a proxy measure; the original data source has a very wide list of museum types, and defining what an "art" museum is from this directory is somewhat arbitrary. The *Places Rated* approach gives a consistent metric from place to place. The Atlanta listing includes: Dalton, Callanwolde, Emory Museum, Georgia State Art Gallery, High Museum, and the Atlanta Contemporary Art Center, formerly named Nexus. It is clear that some are missing. However, any under-reporting or over-reporting of museums is likely to be consistent across the panel, so the measure still serves to show Atlanta's comparative position

measure does not indicate the number of smaller playhouses and theaters.<sup>10</sup>

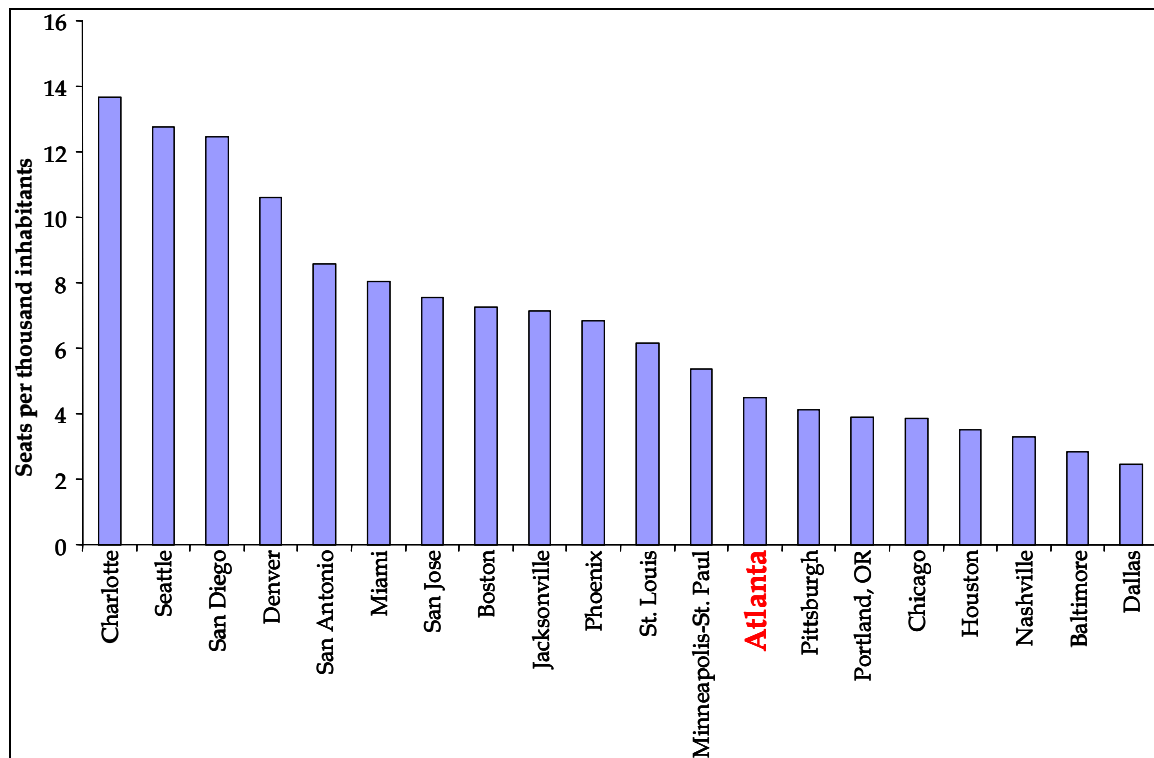


Figure 20. Seats per capita

Source: Musical America, 1997 population estimates

### Summary

The data presented in these last two figures show that in terms of the physical capital needed to provide arts to audiences, Atlanta stands low in the scales.

## III. CONCLUSIONS & IMPLICATIONS

This section includes a summary of the conclusions from the data analysis, a comparison of Atlanta to other cities in the South, some guidelines for policy development, and some additional thoughts on trends and changes in the data.

### 1. Summary of Data Analysis

<sup>10</sup> For Atlanta, the facilities listed are: Civic Center, Fox, Glenn, Rialto, Woodruff, and Gaines. As for museums, under- or over-reporting should not affect rankings of Atlanta compared to other panel cities.



The 20 figures present a picture of a metropolitan Atlanta arts market that is not especially vigorous when compared with similar activities and assets in other cities. Four major points seem to stand out when seeing how Atlanta stands in relationship to the other areas in the panel:

- a. Atlanta has low levels of nonprofit arts activity per capita.
- b. Atlanta seems to lag in private philanthropy but not in federal support.
- c. Atlanta is at or below average in its connection with national arts and education.
- d. Atlanta is weak in the areas of arts infrastructure, particularly in number of museums and performing arts seats.

## 2. Atlanta Arts Myths Debunked

The authors venture a suggestion about the intuition of some Atlanta readers regarding the production and consumption of the arts. First, that intuition might argue that the southern United States will likely tend to lag in cultural indicators, pulling Atlanta down nationally. However, Atlanta will be a regional leader, the “Jewel of the South” in arts and culture.

Our data in this study indicate that such an intuition would be mistaken on both counts. First of all, Figure 21 indicates that of the nine Southern cities studied, Atlanta is most certainly not an arts leader. Atlanta is in the bottom tier of Southern cities in nonprofit arts revenues per capita, philanthropy to the arts per capita, and number of arts nonprofits per capita. In terms of arts nonprofit activity, the designation of “leader” may best fit Dallas, or perhaps Charlotte or Nashville.

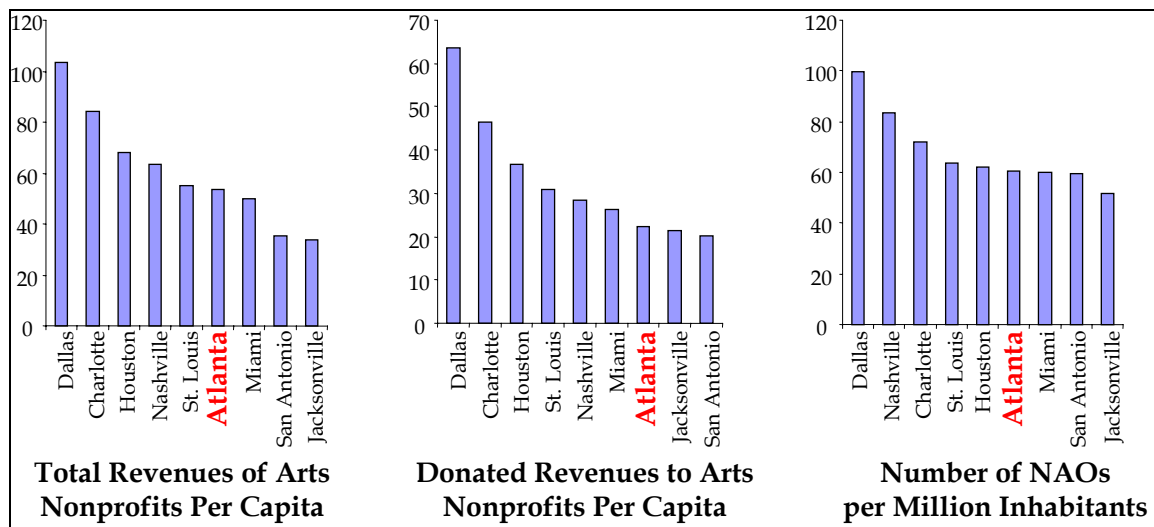


Figure 21. Atlanta compared to eight other Southern cities

Second, when removing the effects of differences such as per capita personal income, minority populations, and suburbanization, *the South does not lag behind other regions culturally*. This is shown with the results of a regression analysis on our data, the technical aspects of which are described in Appendix “B.”

The outcome variables of interest were arts revenues per capita and arts organizations per capita as measures of arts activities. When all 20 cities are compared, the regression analysis shows that if per capita personal income were to grow by one percent, on average this would lead to 2.6 percent higher total nonprofit arts revenues per capita and 1.6 percent more arts nonprofit organizations per capita. The analysis also reveals that higher minority populations are associated with lower revenues and fewer organizations per capita, and that greater suburbanization is associated with more revenues per capita but not with more nonprofits. If the separate effects of these variables are removed, there is no remaining intrinsically “southern” quality discernible in predicting cultural activity. In other words, our data indicate that the South has caught up with the North, culturally speaking.

### 3. Policy Implications for Atlanta

This report is intended to provide a baseline of data for civic and community leaders, arts managers and public policy managers in the Atlanta area. The report indicates a relatively low level of nonprofit arts

organization service in comparison to the services provided in other metropolitan areas. No single strategy for improvement would address the challenges represented by this summary. A number of different actions may be appropriate responses by the arts and public policy communities. Some of these are suggested here:

1. Collaborate with and learn from other cities that appear to be leaders. Based on their presence in the leadership positions in a number of the comparisons, it seems that Boston, Minneapolis-St. Paul, and Seattle occupy these leadership roles. Closer to home, Dallas has success in some areas and may have more to show because of its geography, history, and demographics.
2. Despite the low standing in the area of infrastructure, the key variables may be organizational. That is, the relative success of Atlanta's nonprofit arts in the future may depend on the wider development and sharing of leadership capabilities and organizational skills throughout the metropolitan area. Leadership and problem-solving in particular are likely to be more crucial assets.
3. Another element of the organizational problems may be in the breadth of community support that organizations receive. This may be illustrated by diversification with regard to the size and nature of audiences, the revenues they can raise, their source of subsidy, and their ability to tap into community resources. Managing these requires strategic thinking and competitive behavior.
4. There is no easy solution to these problems. Differences between cities as shown in this study will not change quickly regardless of strategy. It is more suitable for Atlanta to pursue a policy of looking for individual opportunities to increase both the demand of Atlanta's arts audiences and the capacity of its nonprofit arts communities to serve.
5. Compelling arguments can be made, in general, for supporting competitive market behavior, and avoiding centrally planned arts activity. What may help bring enjoyment of the nonprofit arts more deeply into public life is smaller arts organizations distributed across the region.

6. Atlanta's central city population is proportionally smaller than all but one other MSA. Part of the policy discussion based on these data should address the extent to which arts are city-based and how much they are a regional concern.

The preceding list is not exhaustive; indeed, many other possible policy implications and recommendations might be added to it, such as those in the following list. These recommendations were not investigated by the authors as part of this work. However, they are broadly consistent with the overall empirical findings and potentially warrant future research to investigate their validity.

1. Low arts support in Atlanta may be a function of insufficient information. That is, while some Atlantans enthusiastically support the arts, many are simply unaware of the problems and opportunities in the arts community. Better information to potential audiences and funders could yield large benefits.
2. A public-private partnership in the growth of the arts may represent an opportunity to jump-start philanthropy and participation. By explicitly linking government, foundations, arts organizations, artists, schools and universities, and businesses, a coherent strategy and implementation mechanism might be created to
  - undertake research and cultural planning
  - disseminate information on the arts, and
  - build consensus on the need for the arts in the community.
3. A frank discussion about the interplay between race, the arts, and philanthropy in Atlanta would probably be useful. The confluence of a high minority population and a high degree of (largely white) suburbanization may be depressing support for any cultural establishment in the city that focuses on the "classical arts." Ideas are needed on programming and outreach to change philanthropy and attendance problems.
4. The arts community in Atlanta may do well to target specific constituencies in implementing any strategy. For example, promotion of the arts specifically to suburban residents, children, and communities of faith could be beneficial. In addition, training artists and arts organizations in promotion and fundraising could

help get the arts in the “right form” in front of the “right people.” An education campaign concerning the problems identified here could target public officials and potential funders.

5. A change of arts policy in favor of infrastructure may be beneficial. Atlanta lacks a high-quality large performance venue for major “classical” events. In addition, many well-known theater companies do not have dedicated performance spaces. Arts funding for large infrastructure projects in addition to event sponsorship could enhance the arts in Atlanta for many years to come.

#### 4. Trends and Questions

The report is finalized with commentary on some areas that should also be borne in mind when reviewing these data, and by asking some additional questions that should be on the minds of policy makers as they move forward.

First, it was decided not to provide a single summary measure that says, “here is Atlanta’s ‘score’ in this ranking.” The authors have fundamental doubts about the reliability or validity of such a measure. Each of the measures here has independent information that can provide a basis for thoughtful response by policy-makers and participants in the arts.

Second, this report has shown which cities might be considered as “successful” in the comparison, and it has been suggested that they be examined more closely to learn best practices. Though it is not documented statistically, the authors suspect that some more successful cities have social structures that differ from Atlanta’s in terms of the distribution of philanthropy between small and big businesses, business and foundation sources, and individual and institutional sources. Author experience and research intuition suggests that more diverse and broadly representative sources of financial support benefit the development of the arts. This would be an area to examine in some of the other cities.

Caution is advised in interpreting extremes. Invariably, in many dynamic processes, high performers will come down over time and low performers will improve over time, a process called “regression to the mean.” It is reasonable to expect that Atlanta’s relatively low position may improve as

some cities “rest on their laurels” (e.g., stop improving their arts programming) while Atlanta strives ahead. Because these data are two to three years old at the time of writing, some of that may already have occurred.

Earlier sections pointed out some peculiarities of the data. It is appropriate at this final point to reinforce one of them, that this study only examines data from the *nonprofit* arts economy. These data do not say that Atlanta area residents have access to **less** of the arts, only to less of the **nonprofit** arts. The commercial arts sector in all of these cities is very vigorous. Atlanta and the other cities in the panel have entrepreneurial cultural organizations in the commercial sector. Indisputably, they make vital contributions to the overall cultural life of the cities. For example, readers may consult Barksdale (1995) for another analysis of the Atlanta area entertainment marketplace.

## 5. Other Research

In developing these data work emerged by other researchers covering some of the same ground. Some serial publications and web sites compare relatively large cities and metropolitan regions on economic and social development dimensions. Similarly, some researchers focus on the specific indicators that ought to be used when comparing arts and culture in different cities. These sources are presented with brief annotation here.

- “Places Rated Almanac,” published every few years, covers many lifestyle, economic, institutional, and environmental factors, including the arts. It is targeted at transients who are choosing a place to live or investigating a destination. Institutional arts capacity is extensively covered. Co-author David Savageau indicated in conversation that arts capacity may serve primarily as a proxy for “livability” for the Almanac’s audiences and arts may be downplayed in future editions. The Places Rated ranking of arts organizations is in Appendix “C.”
- Policom “Economic Strength” ratings for metropolitan areas with greater weight to long-term growth factors.
- *Money Magazine* publishes a “Best Place To Live” rating that includes several arts capacity dimensions. As the feature’s name suggests, it serves transient professionals and retirees. The web site enables the

user to adjust the weight of various criteria used to rank cities. A ranking using similar criteria is in Appendix "C."

- Blau (1989) examined the arts in metro areas in the 1970s and 1980s, primarily from a sociological perspective.
- More recently, the "Social Indicators of the Arts" project at University of Pennsylvania examines distribution of arts activities inside metro areas. They have found that community revitalization occurs coincidentally with community-level arts activity. Some of their working papers are available at <http://www.ssw.upenn.edu/SIAP>
- RMC Research Corporation, a consultancy, has developed "Arts and Culture Indicators" available at <http://www.rmccres.com/sacindic.html>
- *Urban Quality Indicators* newsletter 12, Winter 1999 focused on cultural indicators. Data about this effort is available at <http://people.mw.mediaone.net/cyoakam/index.html>
- Studies comparing the arts in panels of communities are not uncommon. Various studies underway were identified, though none of them precisely met the needs of project sponsors. In mid-2000, these include projects being conducted by the Social Sciences Research Council, Urban Institute, Americans for the Arts, RAND Corporation, Ohio State University, and others.
- The Cultural District study (Brooks & Kushner 2000) drew from other metropolitan cultural districts to guide Atlanta
- RAI studied Atlanta's entertainment industry (Barksdale 1995)

At this writing, the Center on Nonprofits and Philanthropy is creating a "Unified Database of Arts Organizations," drawing on an extensive list of public and private data sources, and including nonprofit and commercial enterprises.

## IV. SOURCES

### 1. Data Sources

The analysis used data for all counties in the MSAs as defined in the 1990 Census. Baltimore was separated from the DC-VA-MD PMSA, Dallas from the Dallas-Fort-Worth PMSA, and San Jose from the San Francisco PMSA. Zip code lists and maps helped to ensure that data from suburban areas of MSAs were included.

Population, population growth, and suburbanization data:  
<http://fisher.lib.Virginia.EDU>

Minority population data: Statistical Abstract of the United States,  
<http://www.census.gov/statab/www/>. 1997 population estimates and the 1990 census count were used.

Personal income data: Bureau of Economic Analysis web site at  
<http://www.bea.doc.gov/>

Data regarding number of nonprofits, revenues and expenses were found in data sets prepared for the project by the National Center for Charitable Statistics at the Urban Institute. This was prepared in February 2000 and was drawn from the October 1999 IRS Business Master File of form 990s for the twenty selected areas. All nonprofit organizations in the arts category of the National Taxonomy of Exempt Enterprises were included. The NTEE Taxonomy definition list is at  
<http://nccs.urban.org/ntee-cc/a.htm>.

Because of processing steps between IRS receipt of data and its availability to researchers, most of these data are for 1996 or 1997.

For federal funding, data sets were prepared by the research office of the National Endowment for the Arts. These were also specific to the same metropolitan areas. The NEA provided lists of individual and organizational grant requests and grants made for fiscal years 1998 and 1999. The report averages over the two years.

Arts training in higher education was measured using data from the National Associations of Schools of Dance, Music, Theatre, and Art Design



sites at: <http://www.arts-accredit.org/nasd>, <http://www.arts-accredit.org/nasm>, <http://www.arts-accredit.org/nast>, and <http://www.arts-accredit.org/nasad>.

For professional affiliation, the web sites of the American Symphony Orchestra League at <http://www.symphony.org> and Theatre Communications Group at <http://www.tcg.org> were consulted (both membership organizations). Staff at Opera America assistance. *Chorus America Profiles 1999* and the 1999 directories of the National Association of Artists Organizations, and Association of Performing Arts Presenters were also used.

For art museums, used those listed in "Places Rated Almanac" were ultimately used because there were coding and definition problems using the primary source, the Museum Directory of the American Association of Museums. Seating capacity totals the entries for each MSA for musical venues as listed in Musical America (1998).

## V. BIBLIOGRAPHY

The following helpful sources were identified in the course of the research.

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Whitt, J. Allen, and John C. Lammers (1991). "The Art of Growth: Ties Between Development Organizations and the Performing Arts." Urban Affairs Quarterly, 26(3), 376-393.

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## **VI. DATA NOT PRESENTED IN THIS REPORT**

This section identifies some of the data that was assembled but not included into the final report.

AMS data on audience segmentation in the arts. AMS developed a proprietary segmentation scheme that matched the demographic, psychographic, and related aspects of arts audiences to the demographic and other variables of all zip+4 districts. This defines certain districts as more or less likely to be high-quality audience bases for the arts.

FC Search and related directories of the Foundation Center.

United States Urban Arts Federation survey responses for local arts agency activities from 1998, provided to by Americans for the Arts. These data were more specific to the activities of individual organizations.

Policom economic strength rankings at <http://www.policom.com>. This is an information resource for economic development comparisons.

## APPENDIX “A”: DATA SUMMARY

### Economics and Demographics

Atlanta is 4th in 1997 population at 3.63 million; range is from 1.03 million (Jacksonville) to 7.88 million (Chicago)

Atlanta is 2nd in population growth at 22% from 1990 - 1997. Range is from -0.01% (Pittsburgh) to 27% (Phoenix)

Atlanta has the highest minority population at 29%; Range is from 9% (Portland) to 29% (Atlanta)

Atlanta is 2<sup>nd</sup> in percentage of suburban residents at 89%). Range is from 27% (San Antonio) to 90.5% (Boston)

Atlanta is 9th in *per capita personal income* at \$28,253; range is from \$37,900 (San Jose) to \$21,700 (Miami)

### Population of Arts organizations

Atlanta is 9<sup>th</sup> in number of arts nonprofits at 220; range is from 801 (Boston) to 53 (Jacksonville)

Atlanta is 16<sup>th</sup> in arts nonprofits per million inhabitants at 61; range is from 137 (Boston) to 52 (Jacksonville)

Atlanta is 14<sup>th</sup> in total arts revenues per capita at \$54; range is from \$171 (Minneapolis-St. Paul) to \$25 (Phoenix).

Atlanta is 13<sup>th</sup> in earned revenues per capita at \$18; range is from \$45 (Seattle) to \$6 (San Antonio)

Atlanta is 9<sup>th</sup> in average total revenues per organization at \$884,000; range is from \$1.42 million (Minneapolis) to \$433,000 (Phoenix)

Atlanta is 10<sup>th</sup> in average earned revenues per organization at \$290,000; range is from \$401,000 (Charlotte) to \$100,000 (San Antonio)

Atlanta is 10<sup>th</sup> in “profitability” (net revenues / total revenues) at 21%; range is from 40% (Jacksonville) to 12% (Dallas)

### Support for the Arts

Atlanta is 12<sup>th</sup> in NEA requests per million at 6.6; range is from 18.2 (Seattle) to 1.0 (Jacksonville)

Atlanta is 9<sup>th</sup> in NEA grant success rate (69%); range is from 88% (St. Louis) to 0 (Jacksonville)

Atlanta is 5<sup>th</sup> in NEA grant money per capita at \$0.52; range is from \$0.84 (Minneapolis) to \$0 (Jacksonville)

Atlanta is 17<sup>th</sup> in subsidies of the arts per capita at 42%; range is from 40% (San Diego) to 63% (Jacksonville) *needs clarification*

### Affiliation

Atlanta is 6<sup>th</sup> in combined affiliation with: *Association of Performing Arts Presenters, American Symphony Orchestra League, Theater Communication Group, National Association of Artists' Organizations, Chorus America, Opera America* per million at 9.63; range is from 16.8 (Minneapolis) to 2.9 (Jacksonville)

Atlanta is 6<sup>th</sup> in accredited schools of arts ed with 8; range is from 18 (Chicago) to 2 (Phoenix)

Atlanta is 15<sup>th</sup> in accredited schools of arts ed per million at 2.1; range from 8 (Nashville) to 0.5 (Phoenix)

### Arts Infrastructure

Atlanta is 20<sup>th</sup> in museums per capita at 3.3 per million; best is Denver at 12.62

Atlanta is 13<sup>th</sup> in performing arts capacity per thousand at 4.50; range is from 13.64 (Charlotte) to 2.44 (Dallas)

## APPENDIX "B": REGRESSIONS ON DATA

Ordinary Least Squares (OLS) regression results

<i>Independent Variable</i>	Dependent variable: natural log of total nonprofit revenues per capita		Dependent variable: natural log of nonprofits per capita	
	<i>Coefficient</i>	<i>Standard Error</i>	<i>Coefficient</i>	<i>Standard Error</i>
Constant	-8.92	7.07	-11.84***	3.01
natural log of per capita personal income	2.59***	0.70	1.60***	0.30
Minority percent of population	-2.82*	1.43	-2.18***	0.61
suburbanization index	1.28***	0.46	0.28	0.19
SOUTH (dummy variable)	0.25	0.21	0.01	0.09
F-statistic	7.6***		16.38***	
R <sup>2</sup>	0.67		0.81	
N	20		20	

\*\*\*Coefficient is significant at the .01 level

\*\* Coefficient is significant at the .05 level

\* Coefficient is significant at the .10 level

## APPENDIX “C”

*“Places Rated” ranking of panel cities on arts criteria*

4 Chicago  
6 Boston  
8 Minneapolis  
9 Denver  
17 Baltimore  
19 Saint Louis  
20 Atlanta  
21 San Jose  
25 Dallas  
30 Seattle  
31 Portland  
32 San Diego  
33 Pittsburgh  
37 Houston  
38 Miami  
42 Charlotte  
48 Phoenix  
77 Nashville  
78 Jacksonville  
139 San Antonio

*Money Magazine*

16 Chicago  
17 Baltimore  
18 Boston  
22 Minneapolis  
24 San Jose  
34 Dallas  
42 Denver  
45 Seattle  
47 San Diego  
50 Pittsburgh  
56 Houston  
67 Saint Louis  
69 Atlanta



*Money Magazine (cont.)*

95 Nashville

98 Miami

110 Portland

130 Charlotte

131 Phoenix

168 San Antonio

245 Jacksonville